Corporate Governance Report

Last Update: June 29, 2026

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The corporate governance of Japan Lifeline Co., Ltd. (hereafter "We", "Japan Lifeline" or "the Company") is described below. In the report, the Audit and Supervisory Committee and the Nomination and Remuneration Advisory Committee are abbreviated as "the AS Committee" and "the NRA Committee", respectively.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

Our mission is to contribute to a healthier society through cutting-edge medical technologies. As a company that deals in medical equipment, this mission expresses our desire to provide patients and medical professionals with superior medical devices and to enhance the corporate value by fulfilling our social role of realizing a healthy society.

To meet the expectations and demands of the various stakeholders surrounding us, we position the promotion of sustainability as a key management priority, with a basic policy of strengthening our management foundation to enable sustainable growth over the medium- to long-term.

In particular, we recognize that effective corporate governance forms the cornerstone of corporate sustainability. By continuously reinforcing our governance system, we strive to ensure the transparency and objectivity of management and build a management structure capable of responding quickly and accurately to changes in the business environment.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

We are following all the principles of the corporate governance code.

[Disclosure Based on the Principles of the Corporate Governance Code]

[Principle 1-4]

With regard to investment securities held for purposes other than pure investment (cross-shareholdings), our policy is as follows:

First, they should help us acquire specialized expertise that is otherwise difficult to access. Second, they should facilitate the smooth execution and development of our businesses by building and strengthening relationships with business partners. For each individual shareholding case, the Investment Committee will regularly monitor and deliberate on the evaluation and continuation of the investment projects. The Board of Directors will examine annually the ongoing projects by confirming the merits of shareholding in terms of the Company’s medium- to long-term business strategy, based on the outlook of the relationships with the invested companies. If the Board of Directors determines that the rationale for a particular shareholding has diminished, we will sell such shares sequentially to reduce our holdings. With regards to the exercise of voting rights, we will decide whether to vote or not to vote after comprehensively considering the purpose of holding the voting rights mentioned above and the possibility of impairing the corporate value of such business partners.

[Principle 1-7]

We conduct transactions with related parties, such as directors and major shareholders, only upon obtaining the approval of the Board of Directors. Furthermore, transactions that involve potential conflicts of interest or competing transactions by directors are also designated as matters requiring a resolution of the Board of Directors. The Regulations of the Board of Directors stipulate that when passing such resolutions, any director who has a special interest in the transaction cannot exercise their voting rights. To comprehensively identify and monitor these transactions, we conduct an annual questionnaire survey on related-party transactions with all directors to confirm the existence of such transactions and ensure the appropriateness of their terms.

[Principle 2-4 (1)]

We believe that it is important to reflect diverse values in the management to enhance corporate value over the medium-to long-term. When appointing employees to management positions, we evaluate and decide based on their experience and abilities, regardless of gender, nationality, new graduates or mid-career hires.

Currently, the ratio of female managers in our group stands at 5.1%. We have set a medium to long-term target of improving this ratio to 15% by 2030. To achieve this target, we are implementing initiatives to promote women’s advancement, including creating a work environment where women can thrive, as well as executing measures for developing managerial personnel. However, under current circumstances, we anticipate this target will require considerable time, and we recognize the need for further acceleration of our efforts while continuing our current initiatives toward target achievement. Additionally, our group’s management positions are filled by personnel with diverse experience, including 1.9% foreign nationals and 89.5% mid-career hires. While we have not set specific targets for foreign nationals and mid-career hires, we will consider establishing such targets as necessary in the future. (Note: Figures are as of March 2026)

[Principle 2-6]

Since we have introduced a defined contribution pension plan, we are not involved in the management of corporate pension as asset owners. However, we provide newly registered employees with opportunities to learn about asset management.

[Principle 3-1]

(i) Management Philosophy, Strategy, and Plan

We have posted our philosophy, management strategy, and management plan on our corporate website.

Integrated Report: https://www.japanlifeline.com/investors/library/integrated_report.html

Medium-term Management Plan:
https://www.japanlifeline.com/investors/management/midterm_plan.html

(ii) Basic Concept and Policy on Corporate Governance

We have described our basic policies on corporate governance in this report and in the "Status of Corporate Governance" section of the annual securities report (available only in Japanese).

(iii) Policies and Procedures for Determining Directors' Remuneration

We have stated our policies and procedures for determining directors' remuneration in II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management, 1. Organizational Composition and Operation, [Director Remuneration] in this report.

(iv) Policies and Procedures for the Election and Dismissal of Senior Management and Nomination of Candidates for Directors

In nominating candidates for directors, the NRA Committee deliberates based on the following selection criteria, and the Board of Directors makes decisions after receiving a report from the NRA Committee. In nominating candidates for directors who are members of the AS Committee, the Board of Directors resolves after obtaining prior consent of the AS Committee. If we find any of the following criteria for dismissal can apply during the subject director’s term of office, the NRA Committee should deliberate on the matter and, upon receiving a report from the NRA Committee, the Board of Directors will decide to start the dismissal procedure.

Appointment criteria

The candidate should

- Have excellent character and insight, as well as a high sense of ethics
- Be able to make appropriate decisions regarding overall management
- Be able to analyze and make decisions objectively from a company-wide perspective
- Have excellent foresight, insight and leadership
- Have the knowledge, experience and expertise necessary for auditing (AS Committee members)

As for the succession plan for the CEO, the current President and CEO is discussing and deliberating with the members of the NRA Committee. In addition, the President and CEO takes the initiative in nurturing candidates for successors by providing them with opportunities to accumulate knowledge and experience through personnel changes and assigning them issues of high managerial importance. The NRA Committee will monitor the progress. Furthermore, the NRA Committee confirms the development status of the successor candidates by conducting a multifaceted evaluation on the annual basis.

Dismissal Criteria

Any candidate is subject to dismissal if

- He/she commits material unlawful acts (against laws or the Articles of Incorporation)
- He/she deviates from the selection criteria significantly
- Other reasons than the above two arise that make it difficult for him/her to perform duties properly.

(v) Explanation of Individual Elections and Dismissals When Selecting and Removing Management Executives and Nominating Candidates for Directors

We have stated the reason for the election of directors in the reference document for the General Meeting of Shareholders at the time of the proposal for election. Please see the following page on our website for more details.

Shareholders' Meeting: https://www.japanlifeline.com/investors/event/agm.html

[Supplementary Principle 3-1 (3)]

(i) Initiatives to Promote Sustainability at the Company

Our mission is "to contribute to a healthier society through cutting-edge medical technologies". We will work to solve social/healthcare issues through our business. Based on the idea that it is essential to meet the expectations and demands of our various stakeholders, we promote sustainability-related initiatives to achieve a sustainable goal over the medium- to long- term. We disclose our sustainability policy, promotion system, and initiatives in the sustainability section of our website.

Sustainability: https://www.japanlifeline.com/sustainability/

(ii) Investment in Human Capital and Intellectual Property

We consider human capital as fundamental to our management foundation. We have established "Diverse Talent Workplace Creation" and "Corporate Competitiveness Enhancement through Talent Development" as our materiality topics, and we disclose our human capital initiatives on our sustainability website.

Furthermore, we position investment in intellectual property as a source of competitiveness for sustainable growth. Under the key strategic priority of "Continuous introduction of competitive products" in our medium-term management plan, we are advancing initiatives to address our materiality topic of "Social Issue Resolution through Innovative Medical Devices." As part of these efforts, under the theme of "Research and Development and Technological Innovation aimed at Innovation," we are focusing on strengthening our intellectual property capabilities by setting the number of patent applications as a KPI. For details, please refer to our sustainability website.

(iii) The impact of climate change-related risks and opportunities on our business activities and earnings.

We consider the reduction of our environmental burden as one of our materiality topics. In particular, we recognize the impact of climate change on our business continuity and medium- to long-term growth as a significant risk and opportunity. On our sustainability website, we disclose our climate change initiatives in line with the framework of the TCFD (Task Force on Climate-related Financial Disclosures).

[Supplementary Principle 4-1 (1)]

The Board of Directors supervises important decision-making and execution by directors as stipulated in laws and regulations, and other matters are delegated to management. Each executive officer makes decisions on the execution of individual business operations following the provisions of Divisions of Duties Regulations and Administrative Authority Regulations.

[Principle 4-9]

In appointing outside directors, we have established our own criteria, which follow the independence criteria stipulated by the Tokyo Stock Exchange, for determining the independence as below. We appoint independent outside directors after confirming they can perform their duties as outside directors from an independent standpoint meeting these standards.

Criteria for Determining the Independence of Outside Directors

We judge outside directors are independent with no risk of conflicts of interest with general shareholders if they do not fall under any of the following items.

1. Persons who have been executive directors, executive officers, or other employees (hereinafter referred to as "Business Executors") of the Company or its subsidiaries (hereinafter referred to as "the JLL Group") at present or within the past 10 years
2. Persons or Business Executors of a corporation for which the JLL Group is a major business partner (where the amount of transactions with the JLL Group in the most recent fiscal year represented 2% or more of the consolidated net sales of such corporation)
3. Major business partners of the JLL Group or their Business Executors (where the amount of transactions with such business partners in the most recent fiscal year represented 2% or more of the JLL Group's consolidated net sales)
4. Major lenders to the JLL Group or their Business Executors, if the JLL Group's borrowings from such lenders exceed 2% of the JLL Group's consolidated gross assets
5. Consultants, accounting experts, or legal experts who receive a large amount of monetary consideration or other property from the JLL Group other than their remuneration as directors (including individuals belonging to an organization if the recipient is a legal entity) (Note: The amount is judged as large if it exceeds, on average, 10 million yen per year for an individual, or 2% of the consolidated net sales of a corporation over the past three fiscal years)
6. Major shareholders who hold 10% or more of the total voting rights of the Company, or their Business Executors
7. Business Executors of companies that have directors (whether full-time or part-time) dispatched from the JLL Group
8. Persons or Business Executors of any organization that has received donations or grants from the JLL Group exceeding 10 million yen per year in the most recent fiscal year
9. The accounting auditor of the JLL Group or a person belonging to an auditing firm that serves as the accounting auditor of the JLL Group
10. Those who have fallen under any of items 2 through 9 above within the past year
11. Close relatives (spouse or relatives within the second degree) of a person who falls under any of items 1 through 9 above (limited to those in important positions, such as directors other than outside directors, executive officers, or officers with equivalent authority)

[Supplementary Principle 4-10 (1)]

Our Board of Directors currently consists of 13 directors (including three AS Committee members), five of whom are outside directors.

We have established a voluntary NRA Committee as an advisory body to the Board of Directors. To ensure objectivity and transparency in procedures related to the nomination and remuneration of directors, this highly independent Committee deliberates on the criteria for the election and dismissal of directors and the remuneration system, and determines the individual remuneration of directors (excluding those who are AS Committee members), among other matters.

To enhance the independence of the Committee, it currently consists of five members, including three independent outside directors, and is chaired by an independent outside director.

[Supplementary Principle 4-11 (1)]

Within the limits stipulated in our Articles of Incorporation—up to 15 directors (excluding those who are AS Committee members) and up to five directors who are AS Committee members—our Board of Directors consists of an appropriate number of members that enables substantive discussions and swift decision-making, taking into account the nature and size of our business. We ensure diversity in its composition, including in terms of gender, age, and internationality.

Among the Board members, we appoint internal directors who possess expertise and experience in various business fields. For outside directors, we select individuals with knowledge and experience as corporate managers or specialists in legal, accounting, tax, and other fields, who are capable of supervising, advising, and auditing the Board of Directors from an independent standpoint.

We disclose a skills matrix listing the key knowledge, experience, and abilities possessed by each director in the reference documents for the General Meeting of Shareholders.

Notice of Convocation of the 46th Ordinary General Meeting of Shareholders:

https://www.japanlifeline.com/pdf/investors/event/46_convene.pdf

[Supplementary Principle 4-11 (2)]

When appointing outside directors, we confirm in advance whether they can devote enough time and effort for the Company, including attendance at the Board of Directors' meetings. We disclose each director's concurrent positions in the annual business report and the annual securities report.

[Supplementary Principle 4-11 (3)]

To further enhance the effectiveness of the Board of Directors, we analyze and evaluate the effectiveness of the entire Board of Directors every year and disclose an overview of the results.

Evaluation for the fiscal year ended March 31, 2026 included questionnaires to all directors, and analysis and evaluation of the effectiveness of the Board of Directors based on the opinions of outside consultants. As a result, we have confirmed that the board is properly managed and effective. We will continue to make efforts to improve the effectiveness of the Board of Directors.

A summary of the analysis and evaluation results for the fiscal year ended March 31, 2026 is as follows.

Major items of the self-evaluation questionnaire

1. Composition and operation of the Board of Directors
2. Management strategy and business strategy
3. Corporate ethics and risk management
4. Evaluation of business performance and executive assessment/remuneration
5. Dialogue with shareholders and other stakeholders
6. Nomination and Remuneration Advisory Committee

Summary of the analysis and evaluation results

Based on the results of the self-assessment questionnaire results and subsequent deliberations by the Board of Directors, the analysis confirmed that the Board appropriately fulfills its designated roles and functions across all evaluation categories, thereby successfully maintaining its overall effectiveness.

Initiatives Addressing Challenges from the Previous Year: Regarding "free, open, and vigorous discussions," which was identified as a challenge in the previous fiscal year, the Company continued to provide prior explanations of Board agenda items to Outside Directors. This successfully deepened their understanding of the Company's business activities and the surrounding management environment, which directly fostered more active debates at Board meetings.

Regarding "director training," the Company enhanced programs tailored for newly appointed directors, primarily focusing on Outside Directors. These programs included comprehensive briefings on the Company's business operations led by each business division, detailed explanations of industry-specific business practices, and on-site facility visits, including tours of its manufacturing factories.

Through these dedicated initiatives, the evaluation scores for the categories identified as challenges in the previous fiscal year showed meaningful improvement.

Areas for Continued Focus and New Priorities: On the other hand, the promotion of "Digital Transformation (DX)" aimed at sustainable enhancement of corporate value was continuously recognized as an ongoing challenge. In addition, the Company newly recognized "crisis response for IT infrastructure" and "the establishment and operation of a cybersecurity management framework" as critical priorities for the future.

The Company will continue to conduct regular analyses and evaluations of the Board of Directors. By implementing ongoing initiatives to further improve its effectiveness, it will strive to strengthen the foundation that supports our medium- to long-term growth.

[Supplementary Principle 4-14 (2)]

To ensure that our directors fully understand their roles and responsibilities, we arrange for them to attend external training sessions upon appointment. We also conduct annual training sessions for all directors, with the Company covering all associated expenses.

[Principle 5-1]

We promote constructive dialogue with shareholders based on the following policies.

(i) The Corporate Planning Division serves as the primary contact point for shareholders and investors, and the director in charge of IR directly engages in meetings with them. If a meeting is requested with other directors or senior executives, we will accommodate such requests to the extent reasonable and practicable.

(ii) Under the direction of the director in charge of IR, the Corporate Planning Division takes the central role in leading investor-related initiatives, cooperating with the General Affairs Division and the Finance & Accounting Division as appropriate.

(iii) We hold conference calls or online financial briefing sessions on a quarterly basis to enable institutional investors to deepen their understanding of the Company. To ensure fair and widespread disclosure, we also make briefing videos and Q&A transcripts available on our website.

(iv) Feedback and insights obtained through dialogue with shareholders and investors are regularly reported to the President and the Board of Directors. Depending on the nature of the feedback, it is also shared at key management meetings attended by senior executives.

(v) We strictly control insider information in accordance with our Regulations Governing the Management of Internal Information and refrain from disclosing any material non-public facts during investor dialogues. In addition, to prevent the leakage of financial information and ensure market fairness, we observe a silent period from the day following the end of each fiscal period until the announcement of financial results, during which we do not comment on quarterly performance or other sensitive information.

[Dialogue with Shareholders and Investors]

The implementation status for the fiscal year ended March 31, 2026 (FYE3/2026) is as follows:

1. Main Personnel Responsible for Dialogue with Shareholders

- Financial results briefings (4 sessions with approximately 25 participants each): President, Vice President, IR Officer, and Directors in charge of business divisions
- Securities company-hosted conferences (3 sessions): IR Officer
- Company-hosted IR events (2 sessions; including product briefings and planning analyst lectures for our directors): Vice President, IR Officer, and other Directors/Officers
- Individual meetings (127 sessions, including 17 sell-side and 110 buy-side meetings): IR Officer and IR department staff
- Q&A sessions with institutional investors and individual shareholders via telephone and email: IR department staff

2. Overview of Shareholders and Investors Engaged in Dialogue

- 110 dialogues with buy-side investors, comprising 60 domestic, 15 North American, 29 APAC, and 6 European meetings

3. Main Themes of Dialogue and Areas of Interest for Shareholders and Investors

The trends in Q&A sessions during individual meetings were as follows (listed in order of frequency):

- The impact of PFA (Pulsed Field Ablation) on EP (Electrophysiology) / Ablation
- Progress of new fields (neurovascular and gastrointestinal) and existing businesses (Cardiac Rhythm Management and Cardiovascular-related)
- Financial results forecast for the next fiscal year and its details
- Capital policy, shareholder returns, and corporate governance
- Foreign exchange rates and the external environment

4. Status of Feedback Implementation to Management and Board of Directors

- Reports to the Board of Directors on the implementation status and content of dialogue: 4 times (quarterly)
- Discussions with top management, including the President and Vice President, regarding IR-related measures: 4 times
- Discussions with top management regarding financial results presentation materials: 4 times (quarterly)

5. Initiatives Adopted Based on Dialogue

In our Full-Year Financial Results Presentation Materials for FYE3/2026, we incorporated the following matters based on our dialogues with investors:

- Disclosing a detailed image of capital allocation regarding distribution to growth investments

- Establishing a dedicated framework for M&A and adding a note clarifying that surplus funds will be actively allocated to shareholder returns if no M&A projects materialize
- Reviewing the progress of the medium-term management plan and disclosing the outlook for numerical targets

[Action to Implement Management That Is Conscious of Cost of Capital and Stock Price]

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update	June 29, 2026

Explanation of Actions

We estimate our cost of capital at approximately 8% based on the CAPM (Capital Asset Pricing Model) and our dialogues with investors. The estimation logic is as follows:

{Cost of Equity} [7.20% - 8.49%] = {Risk-free Rate} [2.70%] + {Beta} [0.73 - 0.79] times ({Expected Market Return} [7.50%] - {Risk-free Rate } [2.70%]) + {Liquidity Premium} [1.00% - 2.00%]

Since the amount of interest-bearing debt is minimal relative to the market capitalization of shareholders' equity (net debt is negative), we determined that the Weighted Average Cost of Capital (WACC) = Cost of Equity.

The rationale for setting each CAPM factor is as follows:

- Risk-free rate was set at 2.70% based on domestic long-term interest rates (10-year Japanese Government Bond yields).
- Expected market return was set at 7.50%.
- Beta was estimated internally within a range of 0.73 to 0.79, based on historical stock price data over approximately the past three to five years.
- Liquidity premium was set between 1.00% and 2.00%, as investor relations (IR) meetings revealed that a certain number of investors apply a premium due to liquidity factors. (Reference: The average daily trading volume in 2025 was 256 million yen).

With the above in mind, we engaged in dialogue with investors regarding our cost of capital during the fiscal year ended March 31, 2026 (FYE3/2026), and we believe that approximately 8%, which represents the approximate midpoint of our estimated range, is a generally appropriate level. Our company-wide ROIC for FYE3/2026 was 13.4%, securing a spread of over 5% above our cost of capital, which we recognize demonstrates that we are achieving sufficient returns under current conditions.

We recognize that the cost of capital fluctuates due to various macroeconomic factors, stock market volatility, and our own management strategy. We remain committed to updating our understanding of our hurdle rate through ongoing dialogue with investors.

In our medium-term management plan (covering the five-year period from FYE3/2024 to FYE3/2028), we have established "Strengthening capital efficiency-conscious management" as one of our key strategic priorities, setting ROIC and EPS as numerical targets to be managed. Following the completion of FYE3/2025, the second year of the plan, we conducted a comprehensive progress review. Based on this review, we had already revised upward the numerical targets for FYE3/2028, the final year of the plan, in May 2025. The target values for ROIC and EPS have been updated as follows:

- ROIC: Initial Target 12.0% → New Target 13.0% (FYE3/2028) (Reference: FYE3/2026 Result: 13.4%)
- EPS: Initial Target 120.00 yen → New Target 145.00 yen (FYE3/2028) (Reference: FYE3/2026 Result: 133.30 yen)

For further details on our actions toward "Management Conscious of Cost of Capital and Stock Price," please refer to our securities reports, medium-term management plan, and financial results presentation materials as appropriate. • Securities Reports: https://www.jll.co.jp/investors/library/securities_report.html (Available only in Japanese) • Medium-term Management Plan: https://www.japanlifeline.com/investors/management/midterm_plan.html • Investors Guide: https://www.japanlifeline.com/investors/library/investors_guide.html • Financial Results Presentations: https://www.japanlifeline.com/investors/library/earnings_presentations.html

2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
KS Shoji	11,067,100	15.76
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,498,400	10.68
Custody Bank of Japan, Ltd. (Trust Account)	7,282,900	10.37
SG/UCITS V/INV	1,912,600	2.72
BNP PARIBAS LUXEMBOURG/2S/JASDEC/FIM/LUXEMBOURG FUNDS/UCITS ASSETS	1,450,000	2.06
Japan Lifeline Employee Shareholders Association Exclusive Trust	1,437,609	2.05
RM Asset Management	972,160	1.38
MT Shokai	972,160	1.38
MSJ Shokai	972,160	1.38
MM Shokai	972,160	1.38

Controlling Shareholder (except for Parent Company)	
Parent Company	

Supplementary Explanation

Besides the above, there are 1,069,798 of the Company’s treasury shares as of March 31, 2026. 75,724 of shares remaining in the Directors' Remuneration BIP Trust are not included in the number of treasury shares.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Type of Business	Wholesale Trade

Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥10 billion to less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Less than 10

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

5. Other Special Circumstances which may have Material Impact on Corporate Governance

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Audit and Supervisory Committee

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	20
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President and CEO
Number of Directors	13
Appointment of Outside Directors	Appointed
Number of Outside Directors	5
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Yoshiaki Ikei	From another company								△			

Naoko Kawahara	Lawyer											
Rie Nakagawa	From another company											
Yutaka Karigome	Tax Accountant						△					
Tomonari Ota	Lawyer								○			

*Categories for Relationship with the Company

“○” when the director presently falls or has recently fallen under the category;

“△” when the director fell under the category in the past

“●” when a close relative of the director presently falls or has recently fallen under the category;

“▲” when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which and the Company outside directors are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Outside Directors’ Relationship with the Company (2)

Name	Membership of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Yoshiaki Ikei	No	Yes	Mr. Yoshiaki Ikei is a representative director of MA Partners and we had a business relationship with MA Partners in the fiscal year ended March 31, 2017, but since the transaction amount was less than 2% of consolidated net sales of both companies and more than one year has already passed since the transaction closed, we have determined that there is no risk of influencing his independence as an	Mr. Yoshiaki Ikei has been involved in the M&A industry for many years and possesses a wealth of experience and broad insight in corporate management. He not only exercises appropriate supervision over our management but also provides valuable advice and proposals from an objective and multifaceted perspective. Furthermore, serving as the Chairperson of the Nomination and Remuneration Advisory

			outside director since he meets our criteria for determining independence.	Committee and a member of the Investment Committee, he plays a crucial role in enhancing our corporate governance. We have appointed him as an outside director based on our judgment that he will contribute to strengthening the supervisory functions of the Board of Directors and provide advice and proposals aimed at the sustainable enhancement of corporate value. Additionally, we have designated him as an independent officer because he meets our criteria for determining the independence of outside directors. We have determined that he possesses sufficient independence with no risk of conflicts of interest with general shareholders.
Naoko Kawahara	No	Yes		Ms. Naoko Kawahara has expertise and extensive experience in corporate legal affairs as an attorney and has also served as outside corporate auditor of other companies. We have appointed her as an outside director because we believe she can provide advice and views aimed at strengthening the supervisory function of the Board of Directors and at sustainably improving corporate values from an objective and multifaceted perspective although she has never been directly involved in corporate management.

				Furthermore, we have designated her as an independent officer because she meets our criteria for determining the independence of outside directors, ensuring there is no risk of a conflict of interest with general shareholders.
Rie Nakagawa	No	Yes		Ms. Rie Nakagawa possesses a wealth of experience and broad insight in corporate management, including serving as President of a Business Company and the officer in charge of promoting sustainability at MISUMI Group Inc., and she also serves as an outside director for other companies. Furthermore, serving as a member of the Nomination and Remuneration Advisory Committee, she plays a crucial role in enhancing our corporate governance. We have appointed her as an outside director based on our judgment that she will contribute to strengthening the supervisory functions of the Board of Directors and provide advice and proposals aimed at the sustainable enhancement of corporate value. Additionally, we have designated her as an independent officer because she meets our criteria for determining the independence of outside directors. We have determined that she possesses sufficient

				independence with no risk of conflicts of interest with general shareholders.
Yutaka Karigome	Yes	Yes	Mr. Yutaka Karigome had an advisory contract with the Company until June 2021, but the annual transaction amount was less than 10 million yen, which meets our criteria for determining the independence of an outside director.	Mr. Yutaka Karigome possesses not only expertise as a tax accountant but also a wide range of experience and knowledge, including serving as a national tax tribunal officer, a director who is an AS Committee member of the Company, and an outside corporate auditor for other companies. Furthermore, serving as a member of the Nomination and Remuneration Advisory Committee, he plays a crucial role in enhancing our corporate governance. We have appointed him as an outside director who is an AS Committee member based on our judgment that, although he has never been directly involved in corporate management, he can contribute to strengthening the auditing and supervisory functions of the Board of Directors by auditing business execution and making decisions from an objective standpoint. Additionally, we have designated him as an independent officer because he meets our criteria for determining the independence of outside directors. We have determined that he possesses sufficient independence with no risk of conflicts of interest

				with general shareholders.
Tomonari Ota	Yes	Yes		Mr. Tomonari Ota possesses expert knowledge and a wealth of experience in corporate legal affairs, such as M&A and corporate governance, as an attorney. We have appointed him as an outside director who is an AS Committee member based on our judgment that, although he has never been directly involved in corporate management, he can contribute to strengthening the auditing and supervisory functions of the Board of Directors by auditing business execution and making decisions from an objective standpoint. Additionally, we have designated him as an independent officer because he meets our criteria for determining the independence of outside directors. We have determined that he possesses sufficient independence with no risk of conflicts of interest with general shareholders.

[Audit and Supervisory Committee]

Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Supervisory Committee	3	1	1	2	Inside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee	Appointed

Matters Related to the Independence of Such Directors and/or Staff from Executive Directors

According to the “Basic Policy for the Establishment of Internal Control Systems” in “IV Matters Related to the Internal Control System 1. Basic Views on Internal Control System and the Progress of System Development” of this report, we have appointed employees to help the AS Committee in its duties following “6. Matters Related to Employees Assisting the Duties of the AS Committee upon Request”. In addition, in the “7. Matters Related to the Independence of Such Assistant Employees from Directors”, the matters concerning the independence of the employees from the executive directors are stipulated.

Cooperation among Supervisory Committee, Accounting Auditors and Internal Audit Departments

The AS Committee and the Internal Audit Division receive periodical audit reports from the accounting auditor and exchanges information as necessary. The AS Committee also receives reports from time to time from the Internal Audit Division, which is an internal audit organization. The AS Committee also discusses the audit plan with the Internal Audit Division in advance and collaborates with the division to conduct actual inspections as necessary.

[Voluntary Establishment of Nomination/Remuneration Committee]

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

Committee’s Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee’s Name	Nomination and Remuneration Committee	Nomination and Remuneration Committee
All Committee Members	5	5
Full-time Members	0	0
Inside Directors	2	2
Outside Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation

We have established a voluntary Nomination and Remuneration Advisory Committee as an advisory body to the Board of Directors. To ensure the objectivity and transparency of procedures related to the nomination and remuneration of directors, more than half of the Committee members are selected from among independent outside directors, and the Committee is chaired by an independent outside director.

During the current fiscal year, the Committee deliberated on matters including the appointment of directors, the selection of directors with titles, the delegation of duties to directors, the remuneration system and policy for directors, the introduction of a paid-in stock option plan, and partial revisions to the Share-based Remuneration Regulations for Directors. The Committee reported its findings to the Board of

Directors and, based on the delegation of authority from the Board, determined the individual remuneration amounts for directors (excluding those who are AS Committee members).

The composition of the Committee and the attendance status of each member are as follows:

Position/Name/Attendance (FYE3/2026)

- Chairperson, Outside Director (Independent) Yoshiaki Ikei 4/4
- Member, Outside Director (Independent) Rie Nakagawa 3/3 *1
- Member, Outside Director (Independent, AS Committee member) Yutaka Karigome 3/3 *1
- Member, Representative Director and President and CEO Keisuke Suzuki 4/4
- Member, Representative Director and Vice President Tatsuya Murase 3/3 *1

(note)

- *1 Ms. Rie Nakagawa, Mr. Yutaka Karigome and Mr. Tatsuya Murase attended all 3 NRA Committee meetings held after their appointment as members on June 26, 2025.

[Independent Directors]

Number of Independent Directors	5

Matters relating to Independent Directors

We designate all outside directors who meet the qualifications for independent directors as independent directors.

Upon appointing outside directors, we judge based on our criteria for determining the independence of outside directors, which follows the criteria for independence set forth by the Tokyo Stock Exchange. We recognize our independent directors meeting these standards can perform their duties as outside directors from an independent standpoint.

With regards to outside directors who are not members of the AS Committee, we selected them based on the belief that appointing individuals with a wide range of insight and extensive experience in corporate management and corporate legal affairs will ensure objectivity and transparency in our decision-making and supervision of business execution.

With regards to outside directors who are members of the AS Committee, we selected them because they are capable of strengthening the corporate governance of the Company by conducting audits and supervision based on their broad insight and abundant experience in their respective areas of expertise as lawyers or tax accountants.

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration

Supplementary Explanation

Please refer to “Director Remuneration” below.

Recipients of Stock Options	

Supplementary Explanation

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure

Supplementary Explanation

We disclose remuneration of directors in the annual securities report on our website. The remuneration of directors and corporate auditors for the fiscal year ended March 31, 2026 is as follows.

- Directors (excluding outside directors) 480 million yen (fixed remuneration: 414 million yen, performance-linked remuneration: 65 million yen, of which non-monetary remuneration: 27 million yen) Number of eligible directors: nine
- Directors who are AS Committee members (excluding outside directors) 18 million yen (fixed remuneration: 18 million yen) Number of eligible directors: One
- Outside Directors 53 million yen (fixed remuneration: 53 million yen) Number of eligible directors: eight

Note:

1. The above includes two directors (excluding directors who are AS committee members and outside directors) and three outside directors who retired due to expiration of term of office and resigned at the conclusion of the 45th general shareholders' meeting held on June 26, 2025.
2. The breakdown of the total amount of non-monetary remuneration for directors (excluding directors who are AS committee members and outside directors) is 27 million yen as performance-linked remuneration.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

We have established the Nomination and Remuneration Advisory Committee, chaired by an outside director, as an advisory body to the Board of Directors to ensure objectivity and transparency in the process of nominating and evaluating directors and determining their remuneration. The NRA Committee deliberates on the basic policy for remuneration, composition and amount of remuneration of directors, and the Board of Directors decides based on the report from the NRA Committee.

1. Basic Policy of Remuneration for Directors

We have established the following basic policy to ensure that the remuneration system for directors functions properly to achieve sustainable growth and enhance corporate value of the Company.

(A) Provide appropriate incentives for achieving performance targets

(B) Provide a competitive remuneration level that will lead to the recruitment of excellent human resources

(C) The amount of remuneration should lead to the enhancement of corporate value over the medium- to long-term.

(D) The process of determining remuneration should be highly objective and transparent.

2. Remuneration Structure and Method of Determining the Amount of Remuneration

The remuneration for directors is composed of fixed remuneration, performance-linked bonuses, and performance-linked stock remuneration (Directors' remuneration BIP trust). In addition to fixed monetary remuneration, we have adopted performance-linked bonuses as monetary remuneration linked to short-term performance and performance-linked stock remuneration as an incentive for medium- to long-term improvement of corporate value. However, for outside directors excluding those who are AS committee members and directors who are AS committee members, we will only provide fixed remuneration, considering their roles and independence.

(A) Fixed remuneration

(a) Eligible Recipients
Directors

(b) Individual Payment Amount
For directors excluding those who are members of the AS Committee, the fixed remuneration is determined by the NRA Committee, which is appointed by the Board of Directors. The NRA Committee takes into account each director's position, responsibilities, and contributions to performance, as well as benchmarking against remuneration levels in outside database services.

For directors who are members of the AS committee, their fixed remuneration is decided through discussions within the AS committee.

(c) Payment Method
The fixed remuneration is paid monthly as a fixed cash reward.

(B) Performance-linked bonus

(a) Eligible Recipients
Directors excluding those who are outside directors and members of the AS Committee

(b) Individual Payment Amount
Performance-linked bonuses are calculated based on performance-linked variables and individual contribution rates determined by the NRA Committee. The ratio between the basic bonus and the distribution bonus is set at 8:2. The basic bonus is calculated for each director eligible for payment. It is based on the basic bonus standard amount set for each fiscal year, which is disclosed at the beginning of the fiscal year. The calculation also takes into account the consolidated sales, consolidated operating profit (before deduction of performance-linked remuneration), and earnings per share (EPS) for the fiscal year. These three individual performance achievement rates are multiplied by the performance-linked variables to determine the payment amount.

(c) Payment Method
The performance-based bonus will be paid out once a year, within three months after the end of the fiscal year.

(C) Performance-linked stock remuneration (Directors' Remuneration BIP Trust)

(a) Eligible Recipients
Directors excluding those who are outside directors and members of the AS Committee

(b) Individual Payment Amount
The performance-linked stock remuneration is calculated by multiplying the performance-linked variable, which is set based on the degree of achievement of consolidated sales, consolidated operating profit (before deduction of performance-linked remuneration), and earnings per share (EPS) for each fiscal year disclosed at the beginning of the fiscal year, by the standard points set for each director who is the subject of payment. The resulting points (with one point corresponding to one share) are then used to annually provide directors with our company's shares and the monetary equivalent of the conversion disposal amount of our company's shares.

(c) Payment Method
The performance-linked stock remuneration involves giving out our company's stocks and the equivalent amount of money from the conversion disposal of our stocks. We do this once a year, after the end of the fiscal year.

3. Policy for determining the ratio of remuneration by type of director

The ratio of performance-linked remuneration to the total amount of remuneration is approximately 80% for fixed remuneration and 20% for performance-linked remuneration in the case of a standard level of performance achievement, as an average of the eligible directors. On average for eligible directors, monetary remuneration accounts for 90% and non-monetary remuneration accounts for 10% of total remuneration.

[Supporting System for Outside Directors]

For outside directors (including those who are AS committee members), we ensure close information sharing by providing prior explanations regarding board meeting proposals and other matters. Additionally, through site visits and other activities, we help them deepen their understanding of the company and its business operations. Outside directors who are members of the AS Committee receive information necessary for conducting audits and important internal information through the full-time members of the AS Committee.

[Retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)]

Information on retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)

Name	Job title/ Position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term

Number of retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)	

Others

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

[Board of Directors]

Our Articles of Incorporation stipulate that we may have up to 15 directors (excluding those who are AS Committee members) and up to five directors who are AS Committee members. Currently, out of 13 directors, five are outside directors, all of whom we have registered as independent officers. The Board of Directors holds regular meetings once a month and extraordinary meetings as needed.

During the current fiscal year, the Board of Directors deliberated and decided on important matters such as the budget, financial statements, review of the medium-term management plan, significant organizational and personnel issues, investment projects, important contracts, the cancellation of treasury shares, and the introduction of a paid-in stock option plan, in accordance with laws and regulations, the Articles of Incorporation, and the Regulations of the Board of Directors.

Additionally, the Board reviewed monthly financial results, the status of the execution of duties by directors, and important matters related to compliance. The Board also received reports from the Investment Committee and the Sustainability Committee, and engaged in discussions and exchanged opinions.

Outside directors, while coordinating with each other, exercise appropriate supervision and provide advice on the execution of directors' duties from an objective standpoint.

The composition of the Board of Directors and the attendance status of each director are as follows:

Title/Name/Attendance (FYE3/2026)

- Representative Director Keisuke Suzuki 12/12
- Representative Director Tatsuya Murase 12/12
- Director Toru Takamiya 12/12
- Director Takeyoshi Egawa 12/12
- Director Kenji Yamada 12/12
- Director Takashi Ito 12/12
- Director Yumiko Hoshiba 12/12
- Outside Director Yoshiaki Ikei 12/12
- Outside Director Naoko Kawahara 12/12
- Outside Director Rie Nakagawa 10/10 *1
- Director (Audit and Supervisory Committee member) Shogo Takahashi 12/12
- Outside Director (Audit and Supervisory Committee member) Yutaka Karigome 12/12
- Outside Director (Audit and Supervisory Committee member) Tomonari Ota 10/10 *1

(note)

- *1 Ms. Rie Nakagawa and Mr. Tomonari Ota attended all 10 board meetings held after their appointment as directors on June 26, 2025.

[Audit and Supervisory Committee]

Our AS Committee consists of three members, including two outside directors, one of whom is a full-time member. As a general rule, the AS Committee holds regular meetings once a month, and extraordinary meetings as necessary. Although the two outside directors do not have experience in corporate management, they conduct audits and supervision of the Company from their professional perspectives as an attorney or a tax accountant. In addition, one employee of the Internal Audit Division concurrently serves as an employee assisting the duties of the AS Committee. The composition and activity status of the AS Committee are described in the "[Status of Audits by Audit and Supervisory Committee Members]" section below.

[Nomination and Remuneration Advisory Committee]

This information is described in Section II of this report: "Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management, 1. Organizational Composition and Operation, [Voluntary Establishment of Nomination/Remuneration Committee(s)]".

[Compliance Committee]

Our Board of Directors appoints the Chief Compliance Officer (CCO) as the person with overall responsibility for compliance. We have established the Compliance Committee, chaired by the CCO, as an advisory body to the CCO. To accurately identify, manage, and address compliance issues, the Committee provides quarterly reports and holds extraordinary meetings as needed. The CCO reports on compliance matters to the Board of Directors quarterly and on an as-needed basis. The members of the Committee are as follows:

Position/Title/Name

- Chairperson (Chief Compliance Officer), Executive Officer Kenji Yamada
- Member, Vice President and COO Tatsuya Murase
- Member, Senior Executive Officer Toru Takamiya
- Member, Executive Officer Takeyoshi Egawa
- Member, Executive Officer Takashi Ito
- Member, Senior Operating Officer Yumiko Hoshiba
- Member, Senior Operating Officer Nobuo Takahashi
- Member, Operating Officer Yasuaki Takeda

(note)

- In addition to the above, the Head of the Legal Department and the Head of the Internal Audit Office have been appointed as Committee members.
- Outside directors and all AS Committee members attend meetings as observers.

[Risk Management Committee]

Our Board of Directors appoints the Chief Risk Management Officer (CRO) as the person with overall responsibility for risk management. The Risk Management Committee, chaired by the CRO, meets regularly to promote company-wide risk management and share necessary information. The CRO reports on risk management matters to the Board of Directors as appropriate. The members of the Committee are as follows:

Position/Title/Name

- Chairperson (Chief Risk Management Officer), Executive Officer Takeyoshi Egawa
- Member, Senior Executive Officer Toru Takamiya
- Member, Executive Officer Kenji Yamada
- Member, Executive Officer Takashi Ito
- Member, Executive Officer Toshihiro Miyake
- Member, Senior Operating Officer Nobuo Takahashi
- Member, Operating Officer Yasuaki Takeda

(note)

- Directors who are AS Committee members attend meetings as observers.

[Sustainability Committee]

We have established the Sustainability Committee to oversee and promote company-wide sustainability activities. The Committee, chaired by the President and CEO (President and Executive Officer), meets quarterly in principle, and holds extraordinary meetings as needed, to direct, coordinate, and confirm the progress of subcommittees that promote initiatives for specific sustainability issues. The Sustainability Committee reports on its activities to the Board of Directors as appropriate. The members of the Committee are as follows:

Position/Title/Name

- Chairperson, President and CEO Keisuke Suzuki
- Member, Vice President and COO Tatsuya Murase
- Member, Senior Executive Officer Toru Takamiya
- Member, Executive Officer Takeyoshi Egawa
- Member, Executive Officer Kenji Yamada
- Member, Executive Officer Takashi Ito
- Member, Executive Officer Toshihiro Miyake
- Member, Senior Operating Officer Yumiko Hoshiba

(Note)

- In addition to the above, seven leaders of the subcommittees promoting sustainability activities attend the meetings.
- Directors who are AS Committee members attend meetings as observers.

[Information Security Committee]

Our Board of Directors appoints the Chief Information Security Officer (CISO) as the person with overall responsibility for maintaining and managing information security. We have established the Information Security Committee, chaired by the CISO, which meets regularly. The Committee promotes company-wide information security management in collaboration with the Computer Security Incident Response Team (CSIRT), an internal organization responsible for formulating and implementing countermeasures in the event of an information security incident, and the Security Operation Center (SOC), an external specialist organization. The CISO reports on information security matters to the Board of Directors as appropriate. The members of the Committee are as follows:

Position/Title/Name

- Chairperson (Chief Information Security Officer), Executive Officer Kenji Yamada
- Member, Senior Executive Officer Toru Takamiya
- Member, Executive Officer Takeyoshi Egawa
- Member, Executive Officer Takashi Ito
- Member, Executive Officer Toshihiro Miyake
- Member, Senior Operating Officer Nobuo Takahashi
- Member, Operating Officer Yasuaki Takeda

(note)

- Directors who are AS Committee members attend meetings as observers.

[Investment Committee]

We have established the Investment Committee to comprehensively evaluate the appropriateness and risks of investment and loan projects with business partners and other entities. The Committee meets whenever a project subject to deliberation arises, comprehensively evaluates the necessity, appropriateness, and risks of the project, and deliberates on whether to execute the investment or loan.

Furthermore, for projects implemented after obtaining approval from the Board of Directors, the Committee maintains a framework to evaluate business progress and investment effects through regular monitoring, and deliberates on the appropriateness of continuing the investment or loan. The members of the Committee are as follows:

Position/Title/Name

- Chairperson, President and CEO Keisuke Suzuki
- Member, Vice President and COO Tatsuya Murase
- Member, Senior Executive Officer Toru Takamiya
- Member, Executive Officer Takeyoshi Egawa
- Member, Executive Officer Kenji Yamada
- Member, Executive Officer Takashi Ito
- Member, Outside Director Yoshiaki Ikei

(note)

- In addition to the above, one department head attends the meetings.
- Directors who are AS Committee members attend meetings as observers.

[Status of Audits by Audit and Supervisory Committee Members]

Our AS Committee consists of one director who is a full-time AS Committee member well-versed in our business, and two outside directors who are AS Committee members with high independence from the Company, thereby establishing an effective audit structure.

Mr. Shogo Takahashi, the full-time director who is an AS Committee member, is well-versed in our business through his many years of experience in our administrative and development/production divisions, and possesses extensive experience and high insight. Outside directors who are AS Committee members, Mr. Yutaka Karigome and Mr. Tomonari Ota, possess advanced expertise and extensive experience as a tax accountant and an attorney, respectively.

Each AS Committee member attends Board of Directors meetings and other important meetings. Furthermore, they hold regular meetings with the Representative Directors to exchange opinions and closely communicate regarding the issues the Company should address, the status of the development of the auditing environment by the AS Committee, and material auditing issues.

The AS Committee receives reports as needed from the Internal Audit Office, the internal audit department. The Committee also consults with the Office in advance regarding audit plans, and both parties collaborate to execute audit procedures as necessary.

Additionally, the AS Committee receives regular reports from the Accounting Auditor, and exchanges information as appropriate to ensure mutual cooperation.

We hold AS Committee meetings once a month in principle. The attendance of each director who is an AS Committee member during the current fiscal year was as follows:

Name/Attendance (FYE3/2026)

- Shogo Takahashi 13/13
- Yutaka Karigome 13/13
- Tomonari Ota 11/11 *1

(note)

- *1 Mr. Tomonari Ota attended all 11 AS Committee meetings held after his appointment as a director (Audit and Supervisory Committee member) on June 26, 2025.

Main Matters for Resolution and Discussion (FYE3/2026)

During the current fiscal year, the main matters for resolution and discussion at the AS Committee meetings included:

- Governance & Audit Framework: Formulating audit policies and plans, establishing the audit expense budget, and preparing audit reports.
- Oversight of Accounting Auditor: Evaluating the Accounting Auditor, determining the appropriateness of reappointing the Accounting Auditor, consenting to the remuneration of the Accounting Auditor, and giving prior consent to non-assurance services (such as tax advisory services) by the Accounting Auditor.

- Director Remuneration: Determining opinions on the remuneration of directors (excluding those who are AS Committee members) and determining individual remuneration for directors who are AS Committee members.
- Support Framework: Selecting assistant employees for the AS Committee.

Audit Focus Areas

We conducted audits during the current fiscal year focusing on the following items:

- Regular Audit Items: Misconduct by directors, violations of laws, regulations, and the Articles of Incorporation, and the operational status of the internal control system.
- Highly Prioritized Audit Items: Grasping the status of investment and loan recipients, and grasping the status of information security measures (including transforming employees' mindsets).

Audit Execution Methodology

To execute effective audits, the full-time director who is an AS Committee member implemented the following activities:

- Meeting Attendance: Attended Board of Directors meetings and other important meetings.
- Document Review: Reviewed material approval documents.
- Information Gathering & Collaboration: Grasped the internal audit situation through opinion exchanges with the Internal Audit Office.
- On-site Inspections: Visited sales offices and factories, and was present at physical inventory checks.

[Status of Internal Audits]

The Internal Audit Office, which reports directly to the President and CEO, conducts internal audits independently from other business execution departments. The Office is staffed with six dedicated members.

The Internal Audit Office maintains a highly specialized structure, comprising two Certified Internal Auditors (CIA)—one of whom also holds the Certified Fraud Examiner (CFE) and Certified Information Systems Auditor (CISA) qualifications—and one U.S. Certified Public Accountant (USCPA, registered in the State of Illinois).

Based on the Internal Audit Regulations, the Internal Audit Office systematically conducts audits regarding compliance with laws and regulations, the efficiency of business activities, and the status of the development and operation of internal controls at the Company and its subsidiaries. The results are reported to the President and CEO. The results of internal audits and the status of corrective actions regarding identified issues are regularly reported to the AS Committee and the Board of Directors. Furthermore, the Office receives regular reports from the Accounting Auditor and exchanges information as appropriate to ensure close cooperation.

[The status of Audits by the Accounting Auditor]

The status of audits by the Accounting Auditor for the fiscal year ended March 31, 2026 is as follows.

i Name of auditing firm

Ernst & Young ShinNihon LLC

ii Period of continuous auditing

Since 1996

iii Name of the certified public accountant who performed the audit

Designated and Engagement Partner, Certified Public Accountant Seiichiro Suyama

Designated and Engagement Partner, Certified Public Accountant Nobuhiko Kasai

iv Composition of assistants for audit work

Certified Public Accountant: 5 persons

Other accounting personnel: 12 persons

v. Details of Audit Remuneration

Remuneration for audit certification services: 45 million yen

Remuneration for non-audit services: None

[Initiatives to Strengthen the Functions of Corporate Auditors]

Please refer to II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management [AS Committee]

[Outline of the Contents of the Liability Limitation Agreement]

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company and each of the outside directors have entered into an agreement that limits the liability stipulated in Article 423, Paragraph 1 of the Companies Act to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act if the outside director performs his or her duties in good faith and without gross negligence.

3. Reasons for Adoption of Current Corporate Governance System

We have adopted the corporate structure of a Company with an Audit and Supervisory Committee. By establishing the AS Committee, where more than half of the members are outside directors, we are strengthening the auditing and supervisory functions over business execution, further enhancing our corporate governance system, and increasing the transparency and objectivity of our management.

By appointing five outside directors (including two who are AS Committee members) to our Board of Directors, we receive proposals and advice from objective and multifaceted perspectives. Through this, we have built a structure that ensures appropriate supervisory functions over business execution are effectively exercised.

Furthermore, based on their broad insight and extensive experience in their respective specialized fields, the outside directors who are AS Committee members grasp the status of business execution alongside the full-time director who is an AS Committee member well-versed in our business. By also collaborating with the internal audit department, we ensure the effectiveness of the Board of Directors' auditing and supervisory functions.

Additionally, we have established a voluntary Nomination and Remuneration Advisory Committee as an advisory body to the Board of Directors. More than half of the Committee members are independent outside directors, and it is chaired by an independent outside director. By deliberating on matters such as the nomination and remuneration of directors within this Committee, we enhance the transparency and objectivity of the decision-making process and establish a framework capable of exercising appropriate supervision.

Furthermore, we have introduced an Executive Officer System. By clearly separating the management decision-making and supervisory functions from the business execution functions, we ensure the effectiveness of our corporate governance while enhancing the agility of business execution.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The notice of convocation of the Ordinary General Meeting of Shareholders held in June 2026 was sent before the legal date (June 10). In addition, it was posted on the Company's corporate website on June 4.
Allowing Electronic Exercise of Voting Rights	The Company has introduced the exercise of voting rights via the Internet.
Participation in Electronic Voting Platform	The Company participates in the voting platform operated by ICJ.
Providing Convocation Notice in English	The full English text is available on the Tokyo Stock Exchange and the corporate website.

2. IR Activities

	Supplementary Explanations	Availability of explanation by the President and CEO
Preparation and Publication of Disclosure Policy	We have set forth the basic policy for investor relations regarding information disclosure, methods for information disclosure, prospects for the future, and the silence period. We post these kinds of information on the corporate website.	
Regular Investor Briefings for Analysts and Institutional Investors	We hold conference calls or financial results briefings on the quarterly basis. The President and CEO, the Vice President and COO, IR Officer and Executive Officer in charge of business division attend briefing sessions to explain the financial results, the outlook for the next term, and future business plan. The number of participants is approximately 25 each time.	Yes
Regular Investor Briefings for Overseas Investors	We do not regularly hold meetings for international investors, but we disclose transcripts of conference calls or financial results meetings, including Q&A sessions, both in Japanese and English, following quarterly and full-year financial results. We are open to individual one-on-one meetings upon request.	No
Posting of IR Materials on Website	We post financial briefing materials as well as timely disclosure materials and news releases on the "IR Library" section on the Investor Relations page. https://www.japanlifeline.com/investors/library.html	

Establishment of Department and/or Manager in Charge of IR	IR Department: Corporate Strategy Department Director in charge of IR: Director and CFO, Takeyoshi Egawa	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	We have our Code of Ethics and Code of Conduct that serve as our standards. They provide guidance on compliance with laws and regulations, information management, internal environment, individual behavior, and social responsibility.
Implementation of Environmental Activities, CSR Activities etc.	To meet the expectations and demands of our various stakeholders, we are strengthening our sustainability initiatives. The Sustainability Committee is playing a central role, responsible for identifying materiality and setting medium- and long-term targets. For more information on the specific initiatives, please refer to the "Sustainability" page of the website. https://www.japanlifeline.com/sustainability/
Development of Policies on Information Provision to Stakeholders	We have established a basic policy on information disclosure and posted it on the website. https://www.japanlifeline.com/investors/policy_2.html
Other	

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

We firmly believe that establishing an internal control system is essential to ensuring that our fundamental views on corporate governance, as stated at the beginning of this report, are put into practice at the business execution level. We consider that management aligned with our Mission can only be realized when the established system functions effectively. Therefore, we recognize that it is even more important to continuously monitor whether the internal control system is being operated properly, rather than merely establishing it.

On May 22, 2006, the Board of Directors resolved the "Basic Policy for the Establishment of Internal Control Systems." Following several revisions, the most recent partial revision was made on April 1, 2025. Currently, we are developing and operating our internal control system based on this basic policy.

<u>Basic Policy for the Establishment of Internal Control Systems</u>

1. Framework to Ensure that Directors and Employees Execute their Duties in Compliance with Laws, Regulations, and the Articles of Incorporation
   - i. Our directors and employees use the Code of Ethics and the Code of Conduct as their guidelines for action, ensuring full compliance with laws, regulations, social ethics, the Articles of Incorporation, and other internal regulations.
   - ii. We actively build and maintain internal compliance systems, centered on the Chief Compliance Officer (CCO) and the Compliance Committee, in accordance with our Compliance Promotion Regulations.

iii. We ensure thorough compliance awareness among all directors and employees by publishing the Code of Ethics, the Code of Conduct, and internal compliance regulations on the corporate intranet, as well as conducting regular training sessions.

iv. We maintain an internal compliance consultation service and an external helpline desk to provide accessible contact points where compliance issues can be easily reported and discussed.

v. We sever all ties with antisocial forces in accordance with our Code of Conduct and the Regulations Regarding the Elimination of Antisocial Forces. In the event that any contact with antisocial forces is suspected, it must be promptly reported to the responsible department, and we will respond with a resolute stance while collaborating with the police and other external institutions.

vi. The Internal Audit Office conducts systematic audits regarding compliance with laws, regulations, the Articles of Incorporation, and internal regulations, based on our Internal Audit Regulations.

vii. To ensure objectivity and transparency in the evaluation and decision-making process for the nomination and remuneration of directors, we maintain the voluntary NRA Committee as an advisory body to the Board of Directors, which is chaired by and composed of a majority of independent outside directors.

2. Framework for the Storage and Management of Information Related to the Execution of Duties by Directors

i. We store and manage minutes of the General Meeting of Shareholders, Board of Directors meetings, other important meetings, and key documentation pertaining to the execution of duties by directors (including electronic records) in accordance with our Document Management Regulations.

ii. Our directors can view these documents at any time.

3. Regulations and Other Frameworks for Managing Risk of Loss

i. In accordance with our Risk Management Regulations, we appoint a Chief Risk Management Officer (CRO) and maintain the Risk Management Committee to promote company-wide risk management and ensure the seamless sharing of necessary information.

ii. We establish clear rules and regulations concerning risks related to product quality and safety, information security, disasters, and investments/loans to business partners, with responsible divisions taking proactive risk countermeasures.

iii. In the event of an emergency requiring a company-wide response, we will immediately establish a dedicated crisis management headquarters led by the President and CEO as Executive Manager to take prompt action and minimize losses.

4. Framework to Ensure that the Execution of Duties by Directors is Efficient

i. We have introduced the Executive Officer System to strengthen the decision-making and supervisory functions of the Board of Directors and to enhance the efficiency of business execution. By delegating authority to executive officers within an appropriate scope, we promote agile and timely execution of duties.

ii. The Board of Directors resolves annual budgets and closely monitors the status of business execution by receiving regular progress reports from each director.

5. Framework to Ensure Proper Business Execution within the Corporate Group Comprising the Company and its Subsidiaries

i. Systems for reporting to the Company on matters pertaining to the execution of duties by directors and other officers of subsidiaries

A) In accordance with our Affiliate Management Regulations, we receive regular reports from our subsidiaries regarding the execution of duties by their directors, alongside financial reports, minutes of meetings, and other key documentation.

B) Our directors (excluding AS Committee members) or employees concurrently serve as directors or corporate auditors of subsidiaries, and we receive timely updates on the status of business execution at these subsidiaries through them.

ii. Regulations and other frameworks for managing risk of loss at subsidiaries

A) In accordance with our Risk Management Regulations, we endeavor to build a comprehensive risk management system at our subsidiaries, centered on our CRO and Risk Management Committee.

B) If a significant risk is identified at a subsidiary, the subsidiary's president will lead a prompt response, and we will provide necessary support to minimize any potential losses.

iii. Systems to ensure the efficiency of the execution of duties by directors and other officers of subsidiaries

A) Our responsible department manages group business operations in accordance with the Affiliate Management Regulations. We also support subsidiaries in establishing appropriate business execution systems, including the formulation of regulations on the division of business duties and administrative authority.

iv. Systems to ensure that directors, officers, and employees of subsidiaries execute their duties in compliance with laws, regulations, and the Articles of Incorporation

A) We provide necessary advice, guidance, and assistance to ensure that robust compliance systems are established at our subsidiaries in accordance with the Affiliate Management Regulations.

B) The Internal Audit Office conducts regular audits regarding the compliance status with laws, regulations, the Articles of Incorporation, and internal regulations at subsidiaries, based on the Internal Audit Regulations.

6. Matters Related to Employees Assisting the Duties of the AS Committee upon Request

If the AS Committee requests the assignment of dedicated staff to assist with their duties, we will assign appropriately qualified personnel after thorough consultation with the AS Committee.

7. Matters Related to the Independence of Such Assistant Employees from Directors

i. Employees assigned to assist the AS Committee in their audit operations operate independently and do not receive any instructions or directives from directors (excluding AS Committee members) regarding such operations.

ii. We conduct advance consultations with the AS Committee regarding all personnel decisions, evaluations, and transfers concerning employees assigned to assist the AS Committee.

8. Matters Related to Ensuring the Effectiveness of Instructions Given to Assistant Employees
    i. Employees assigned to assist the AS Committee execute their duties solely based on the instructions and directives of the AS Committee.
    ii. Our directors (excluding AS Committee members) strive to maintain a favorable audit environment to ensure that the activities of these assistant employees are conducted smoothly and effectively.

9. Framework for Directors, Officers, and Employees of the Company and its Subsidiaries to Report to the AS Committee, and Other Reporting Frameworks
    i. Our directors, officers, and employees, as well as those of our subsidiaries, provide accurate and prompt reports to the AS Committee on the following matters:
        A) Matters that may cause significant damage to the group
        B) Actions that violate, or carry a risk of violating, laws, regulations, or the Articles of Incorporation
        C) The status of the development and implementation of internal controls under the Companies Act and the Financial Instruments and Exchange Act
        D) Results of internal audits conducted by the Internal Audit Office
        E) Any other matters for which the AS Committee requests a report
    ii. Our directors, officers, and employees, as well as those of our subsidiaries, promptly provide reports whenever requested by the AS Committee.

10. Framework to Ensure that Persons Making a Report to the AS Committee are Not Treated Unfavorably

    We strictly prohibit any unfavorable treatment of directors, AS Committee members, or employees of the Company and its subsidiaries on the basis of their reporting to the AS Committee.

11. Policies Concerning Procedures for Advance Payment or Reimbursement of Expenses Incurred in Connection with the Execution of Duties by AS Committee Members, and the Treatment of Other Expenses or Obligations

    When an AS Committee member requests the advance payment or reimbursement of expenses incurred in the execution of their duties, we will promptly respond to such requests, unless it is determined that the expenses are unnecessary for the performance of their duties.

12. Other Frameworks to Ensure the Effectiveness of Audits by the AS Committee
    i. Our AS Committee members may participate in key internal meetings as necessary.
    ii. The AS Committee holds regular meetings with the Representative Directors to exchange views and maintain close communication.
    iii. The Internal Audit Office engages in advance consultations with the AS Committee when formulating internal audit plans.
    iv. The Internal Audit Office provides regular reports to the AS Committee on internal audit findings and progress.

13. Framework to Ensure the Reliability of Financial Reporting

i. We develop internal control systems to ensure the reliability of financial reporting and evaluate their implementation status based on our "Basic Policy on Internal Controls Related to Financial Reporting," led by a designated responsible department.

ii. If any deficiency is identified in our internal controls or their operation, we promptly report it to senior management and the Board of Directors, and take swift corrective actions to rectify the issue.

2. Basic Views on Eliminating Anti-Social Forces

We clearly state in our Code of Conduct that we will sever all ties with antisocial forces. Based on this, we have established regulations and manuals for excluding antisocial forces and are taking specific actions. In addition to posting the Code of Conduct on the intranet, we are making sure it is well known through training sessions.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation

2. Other Matters Concerning the Corporate Governance System

[Information Disclosure Policy]
To provide shareholders and investors with timely, accurate and fair information, we will quickly disclose important information following the Financial Instruments and Exchange Act, rules for timely disclosure stipulated by the Tokyo Stock Exchange, and internal rules (Internal Information Management Regulations).

[Information Disclosure System]

(1) Events occurred

If a material event or fact occurs for the Company, the head of the department in charge of the relevant fact should quickly report it to the director in charge of IR. Upon receipt of the report, the director reviews the necessity of disclosure with the President and CEO and the director in charge of the relevant departments. We will disclose the information quickly if we judge it necessary.

(2) Determined fact

We will discuss and determine important matters at the Board of Directors meetings. The President and CEO, the executive officer in charge of the relevant departments, and the director in charge of IR will examine whether or not to disclose the determined facts, and disclose them quickly if we judge it necessary.

(3) Financial information

The Finance and Accounting Division should prepare financial closing information and submit it to the Board of Directors after going through auditing processes by the accounting auditor. We will disclose the financial information quickly after approval at the Board of Directors meeting.

(4) Others

The director in charge of IR will examine information other than those listed in (1) through (3) above and disclose it quickly if the director judges it matters to investors.